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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
6 August 1954

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State Dept. review completed

TO: Deputy Director (Intelligence)

SUBJECT: Weekly Summary of Trieste Developments

Negotiations toward a Trieste solution remained at a seeming impasse last week after Italy was informed on 29 July of Yugoslavia's rejection of Italian counterproposals. Yugoslavia also advanced several new propositions which were, in Italian eyes, worse than the original 31 May outline to which Belgrade had agreed. This new Yugoslav position came as a considerable shock to Rome, which had, as a result of British and American urging, taken an encouraging attitude toward early signing of the Greek-Turkish-Yugoslav Balkan pact, and had announced general Italian approval of the pact at the 29 July meeting of the North Atlantic Council. Later in the week the London negotiations with Italian Ambassador Brosio were resumed and some progress was made.

In Rome, Italian Foreign Ministry reaction to the new Yugoslav stand was the most bitter. In a 31 July talk with American charge Durbrow, Foreign Ministry officials gave a detailed explanation of their dissatisfaction with Belgrade's position. The Foreign Ministry, Durbrow commented, had overcome stiff cabinet opposition in order to get approval of a favorable Italian stand on the Balkan pact.

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After the 31 July talk, however, Durbrow said he retained the impression that Italian acceptance of a solution

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25X1

could still be obtained if the matters of territorial adjustment and a minority statute could be worked out.

25X1



The reaction of Foreign Minister Piccioni on 2 August, however, was somewhat milder, although it appeared from his statement to Durbrow that the full impact of Brosio's had news from London may have been withheld from him. Piccioni stated that the new Yugoslav proposal on minorities was not truly reciprocal, that it excluded provisions of the UN human rights declaration, and that it strongly implied a definitive solution. He also emphasized that Italy's primary desires were satisfactory border rectification and freedom of circulation, on which Brosio had declared that the Italians could go no further. Piccioni then said that these two matters should be taken up by the US government on "the highest level," and that he had instructed Brosio to proceed with the discussion of other points.

At the same time the Italian ambassadors in London and Washington were making similar representations to Foreign Secretary Eden and Secretary of State Dulles. They emphasized the Italian belief that Britain and the United States now assumed the responsibility for further progress in the Trieste talks because Italy, while having shown goodwill throughout, could not afford further concessions.

This gloomy Italian attitude derived partly from the fact that the American and British delegates in London had left Brosio with the impression that they could no longer support Italian territorial requests in talks with the Yugoslavs. Actually this was a calculated impression designed to leave the way open for a possible solution even if Yugoslavia remained adamant on the 31 May line. Thompson has informed the Department of State, however, that he believes the representations made to the Yugoslav ambassadors in London and Washington by Eden and Under Secretary Smith will be effective in persuading Belgrade to accept territorial modifications in Italy's favor.

Toward the end of the week the situation eased somewhat in negotiations over a minorities statute. A revision of the Italian position outlined on 3 August, according to American delegate Thompson, went "a long way" toward meeting Yugoslav demands on the matter and Brosio also presented a number of alternatives for settling the question of consular representatives.

Although various people involved have made differing statements as to what the key problems in the negotiations are, all agree that the primary problem is that of territory. The financial settlement with its linked question of a fisheries agreement appears to be the other major unsolved matter on which strong opposite positions have been taken. Final accord on the subsidiary questions of minorities, freedom of circulation and consulates still faces difficulties.

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